

LHTC Program Guidelines and Application Instructions

Purpose: To improve accessibility and provide universal visitability by providing state tax credits for the purchase/construction of new units or retrofitting of residential units.

Eligible Activities: 1) The purchase/construction of a new residence that has universal visibility or accessibility features. 2) Retrofitting of a residence to improve accessibility or provide universal visitability.

In order for the purchase/construction of a new residence to qualify for tax credits it must include the three features of Universal Visitability or include at least three accessibility features and meet the requirements of an existing standard (please see definitions).

Retrofitting of an existing residential unit must include at least one accessibility feature, e.g., lifts or elevators, and meet the requirements of an existing standard or provide sensory modifications in order to qualify for tax credits.

All accessibility features and Universal Visitability features must be completed in conformity with the applicable provisions of the Uniform Statewide Building Code.

Accessibility features that are provided in order to comply with existing Fair Housing, Equal Opportunity, American with Disabilities Act or other local, state or federal requirements are not eligible for tax credits.

Costs for the purchase/construction of the residence or accessibility or visitability features must be incurred by the tax credit applicant in order to claim the tax credit. Accessibility features that are funded through the Granting Freedom Program, Indoor Plumbing and Rehabilitation Program, the Community Development Block Grant Program, Accessibility Modification Program or other local, state or federal programs are not eligible for tax credits. Any portion of costs borne by the tax credit applicant under matching requirements of these programs may be eligible for tax credits.

Eligible Applicants: Individuals/licensed contractors filing Virginia individual income tax returns who have incurred costs for the purchase/construction of new residential units with accessibility or Universal Visitability features or for the retrofitting of residential units with accessibility or Universal Visitability features on or after January 1, 2011. In no case shall any tax credit be issued more than once to the same or different persons relating to the same retrofitting, renovation, or construction project.

Tax Credits: \$5,000 for the purchase/construction of a new residence and 50 percent of the cost of retrofitting activities not to exceed \$5,000. Any tax credit that exceeds the eligible individual's/licensed contractor's tax liability may be carried forward for up to seven years. If the total amount of tax credits issued under this program exceeds \$1 million in a fiscal year, DHCD will pro rate the amount of credits among the eligible applicants.

Application Process: Applications are to be filed by February 28 of the year following the year in which the purchase or retrofitting was **completed**. Documentation must be submitted with the application. In the case of the purchase of a new residential unit, a copy of the executed sales contract must be attached. In the case of retrofitting copies of scope of work, work specifications, construction contracts, invoices and/or canceled checks documenting the type work, cost and payment must be attached. DHCD will issue Certifications of Approval to eligible applicants to be retained in their personal records once they have filed for this credit on their applicable Virginia income tax return. **Do not send this Certification of Approval to the Virginia Department of Taxation.**

Definitions

Accessibility features – 1) Accessible route to a zero-step entrance on firm surface that is no steeper from 1:12 from a driveway or public sidewalk; 2) Zero-step entrance; 3) Doors with at least 32 inches of clear width; 4) Hallways and passages with at least 36 inches of clear width; 5) Accessible light switches, electrical outlets and environmental controls; 6) Accessible bathroom; and 7) Accessible and useable kitchen facilities. These features are to meet the specifications of an existing standard.

Existing standards – This includes adaptability features prescribed by the Virginia Uniform Statewide Building Code, the specifications of the American National Standards Institute, the Uniform Federal Accessibility Standard or Fair Housing Guidelines.

New residence – a unit purchased for use as a residence that has not been previously sold for occupancy as a residence. This includes newly constructed units and residential units created through the adaptive reuse of buildings previously used for non-residential uses.

FORM LHTC – Tax Year 2013

Sensory Modifications – Alarms, appliances and controls designed to assist sensory disabled persons that are structurally integrated into the residential unit. Built-in appliances would meet this definition. Accommodations or features that can be removed and reinstalled in another residential unit and so reused at another location are not considered to be sensory modifications for the purposes of this tax credit program. Appliances or alarms that can be reinstalled in another residence would not meet this definition.

Universal Visitability- 1) at least one zero-step entrance approached by an accessible route on a firm surface no steeper than 1:12 slope proceeding from a driveway or public sidewalk; 2) An accessible bathroom (can be a half bath/powder room) on the same floor as the zero-step entrance); and 3) Doors with at least 32 inches of clear width and hallways/passageway of at least 36 inches of clear width to the accessible bathroom and eating area.

How to Complete the Application

All applicants must complete Section I of the application. Applicants must complete **either** Section II **or** Section III based on the whether the unit is new or existing. All applicants must complete Section IV of the application. The application **must be signed** and dated declaring that the information provided is complete and correct. **Supporting documentation must accompany the application.**

Where to File

Mail the completed application and supporting documentation to:

Virginia Department of Housing and Community Development
Attention: Homeless and Special Needs Housing
Main Street Centre
600 East Main Street, Suite 300
Richmond, Virginia 23219

What to Expect from the Department of Housing and Community Development

The Virginia Department of Housing and Community will review all applications submitted. If the total eligible credit requests received exceed the Commonwealth's \$1 million limitation, each approved taxpayer will be granted a pro rata amount of credit.

In each fiscal year, \$500,000 in tax credits is allocated for the purchase or construction of new residences and \$500,000 in tax credits is allocated for the retrofitting or renovation of existing residences or residential structures or units. If the amount of tax credits approved in a fiscal year for the purchase or construction of new residences is less than \$500,000, the remaining balance shall be allocated for the retrofitting or renovation of existing residences or residential structures or units. If the amount of tax credits approved in a fiscal year for the retrofitting or renovation of existing residences or residential structures or units is less than \$500,000, the remaining balance shall be allocated for the purchase or construction of new residences.

All eligible taxpayers will be notified by April 1 regarding the allowable credit amount that may be claimed and will be issued a Certification of Approval to that effect. Upon receiving the Certification of Approval, taxpayers can claim the credit on the applicable Virginia income tax return.

Excess credit may be carried forward for the next seven taxable years until fully used.

Where to Get Help

For assistance concerning the LHTC program call **804-371-7124** or write to:

Virginia Department of Housing and Community Development
Attention: Homeless and Special Needs Housing
Main Street Centre
600 East Main Street, Suite 300
Richmond, Virginia 23219

Applications are available on-line at the Virginia Department of Housing and Community Development website at www.dhcd.virginia.gov/lhtc or may be obtained by calling **804-371-7124**.

For tax preparation assistance contact the Department of Taxation Customer Service at 804-367-8031.